



02-CR-00260-PET

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JAN - 9 2004

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
BY DEPUTY

UNITED STATES OF AMERICA,
Plaintiff,

v.

ALFONSO D. LACSON, JR.,
Defendant.

NO. CR02-260P

PLEA AGREEMENT

The United States of America, by and through John McKay, United States Attorney for the Western District of Washington, and Jeffrey B. Coopersmith, Richard E. Cohen, and Ye-Ting Woo, Assistant United States Attorneys for said District, and Todd Brilliant, Special Assistant United States Attorney for said district, and the Defendant, ALFONSO D. LACSON, JR., and his attorney, Kristine Costello, enter into the following Agreement, pursuant to Federal Rule of Criminal Procedure 11(c):

1. Waiver of Indictment. Defendant, having been advised of the right to be charged by Indictment, agrees to waive that right and enter a plea of guilty to the charge brought by the United States Attorney in a Superseding Information.

2. The Charges. Defendant, having been advised of the right to have this matter tried before a jury, agrees to waive that right and enter a plea of guilty to the one-count Superseding Information, which charges Securities Fraud, in violation of Title 15, United States Code, Sections 77q(a) and 77x.

By entering these pleas of guilty, Defendant hereby waives all objections to the form of the charging document.

1 3. Elements of the Offenses. The elements of the offense of Securities
2 Fraud, as charged in the Superseding Information, in violation of Title 15, United States
3 Code, Sections 77q(a) and 77x, are as follows: (1) in the offer or sale of securities
4 Defendant employed a device, scheme, or artifice to defraud; obtained money or property
5 by means of untrue statements of material facts or failure to state material facts which
6 made what was said, under the circumstances, misleading; or engaged in a transaction,
7 practice, or course of business that operated, or would operate, as a fraud or deceit upon a
8 purchaser; (2) Defendant acted willfully, knowingly, and with the intent to defraud; and
9 (3) Defendant used, or caused to be used, any means or instruments of transportation or
10 communication in interstate commerce or the mails in furtherance of the scheme.

11 4. The Penalties. Defendant understands that the maximum statutory
12 penalties for the offense of Securities Fraud, as charged in the Superseding Information,
13 in violation of Title 15, United States Code, Sections 77q(a) and 77x, are as follows:
14 imprisonment for up to five (5) years, a fine of up to two hundred fifty thousand dollars
15 (\$250,000.00), a period of supervision following release from prison of between two
16 (2) and three (3) years, and a one hundred dollar (\$100.00) penalty assessment.

17 Defendant further understands that the Court may impose an alternative fine of
18 up to twice the pecuniary gain or loss.

19 Defendant agrees that the penalty assessment of \$100 shall be paid at or before the
20 time of sentencing.

21 Defendant agrees that any monetary penalty the Court imposes, including the
22 penalty assessment, fine, costs or restitution, is due and payable immediately, and
23 further agrees to submit a completed Financial Statement of Debtor form as requested
24 by the United States Attorney's Office.

25 Defendant understands that supervised release is a period of time following
26 imprisonment during which he will be subject to certain restrictions and requirements.
27 Defendant further understands that if supervised release is imposed and he violates one
28 or more of its conditions, he could be returned to prison for all or part of the term of

1 supervised release that was originally imposed. This could result in Defendant serving
2 a total term of imprisonment greater than the statutory maximum stated above.

3 5. Rights Waived by Pleading Guilty. Defendant understands that, by
4 pleading guilty, he knowingly and voluntarily waives the following rights:

- 5 a. The right to plead not guilty, and to persist in a plea of not guilty;
- 6 b. The right to a speedy and public trial before a jury of Defendant's
7 peers;
- 8 c. The right to the effective assistance of counsel at trial, including, if
9 Defendant could not afford an attorney, the right to have the Court appoint one for
10 Defendant;
- 11 d. The right to be presumed innocent until guilt has been established
12 at trial, beyond a reasonable doubt;
- 13 e. The right to confront and cross-examine witnesses against
14 Defendant at trial;
- 15 f. The right to compel or subpoena witnesses to appear on
16 Defendant's behalf at trial;
- 17 g. The right to testify or to remain silent at trial, at which trial such
18 silence could not be used against Defendant; and
- 19 h. The right to appeal a finding of guilt or any pretrial rulings.

20 6. Applicability of Sentencing Guidelines. Defendant understands and
21 acknowledges the following:

- 22 a. The United States Sentencing Guidelines, promulgated by the
23 United States Sentencing Commission, are applicable to this case;
- 24 b. The Court will determine Defendant's applicable Sentencing
25 Guidelines range at the time of sentencing;
- 26 c. The Court may impose any sentence authorized by law, including a
27 sentence that, under some circumstances, departs from any applicable Sentencing
28 Guidelines range up to the maximum term authorized by law;

1 d. The Court is not bound by any recommendation regarding the
2 sentence to be imposed, or by any calculation or estimation of the Sentencing
3 Guidelines range offered by the parties, or by the United States Probation Department;
4 and

5 e. Defendant may not withdraw a guilty plea solely because of the
6 sentence imposed by the Court.

7 7. Ultimate Sentence. Defendant acknowledges that no one has promised or
8 guaranteed what sentence the Court will impose.

9 8. Loss Amount. The United States agrees that the loss amount for purposes
10 of applying U.S.S.G. § 2F1.1(b)(1) (Nov. 2000) is not greater than eight hundred
11 thousand dollars (\$800,000.00). The United States acknowledges that the Defendant
12 reserves the right to argue for any loss amount that he believes is supported by the
13 evidence.

14 9. Restitution. Defendant shall pay and agrees to pay restitution to the
15 Receiver appointed by the Court in Securities and Exchange Commission v. Health
16 Maintenance Centers, Inc., et. al., C02-153P (W.D. Wa.), in the amount determined
17 by the Court at sentencing, with credit for any amounts already paid or collected, for
18 distribution by the Receiver to those persons classified as investors. In the event that
19 the Receivership terminates prior to Defendant's full payment of restitution in the
20 amount ordered by the Court, the Defendant shall pay and agrees to pay restitution to
21 those persons classified as investors in the Court's final distribution order in Securities
22 and Exchange Commission v. Health Maintenance Centers, Inc., et. al., C02-153P
23 (W.D. Wa.).

24 The government agrees that the appropriate restitution amount in this case should
25 not exceed eight hundred thousand dollars (\$800,000.00). The United States
26 acknowledges that the Defendant reserves the right to argue for any restitution amount
27 that he believes is supported by the evidence.
28

1 All restitution ordered by the Court shall be due and payable immediately, and
2 shall be paid in accordance with a schedule of payments as ordered by the Court.

3 10. Statement of Facts. The parties agree on the following facts in support of
4 Defendant's guilty plea and for purposes of calculating the base offense level of the
5 Sentencing Guidelines. Defendant admits he is guilty of the charged offense.

6 a. Health Maintenance Centers, Inc. ("HMC") was incorporated in
7 Washington State on or about May 12, 1995. Project X, Inc., was incorporated in the
8 State of Washington on November 3, 1999. On October 3, 2000, Project X filed Articles
9 of Amendment with the Washington State Secretary of State changing its name to Znetix,
10 Inc. At no time were the securities issued by HMC and Znetix registered with the
11 United States Securities and Exchange Commission, the State of Washington's
12 Department of Financial Institutions -- Securities Division ("DFI"), or the securities
13 regulatory authorities in any other state.

14 b. From no later than July 12, 2000, to on or about September 4,
15 2001, the Defendant was an employee of HMC.

16 c. On April 9, 2001, the DFI issued a Summary Order to Cease and
17 Desist against Kevin L. Lawrence, the founder and principal officer of HMC and
18 Znetix, and against HMC, including HMC's employees and agents. The Summary
19 Order to Cease and Desist barred Lawrence and HMC (including its agents and
20 employees) from selling securities through fraudulent means or in violation of securities
21 registration requirements.

22 d. Defendant was an employee and/or agent of HMC, and he knew by
23 at least April 27, 2001, that the DFI had issued the Summary Order to Cease and
24 Desist against Kevin L. Lawrence and HMC. The issuance of the Summary Order to
25 Cease and Desist by the DFI constituted a material fact that would be necessary to
26 disclose to any investors who purchased the securities of HMC and/or affiliated
27 companies after such issuance. The Defendant did not disclose the material fact that
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1 the DFI had issued the Summary Order to Cease and Desist to investors who purchased
2 the securities of HMC and affiliated companies after it was issued.

3 e. On or about May 9, 2001, an investor from Snyder, Texas with the
4 initials "M.R." made an interstate telephone call to Defendant ALFONSO D.
5 LACSON. In March of 2001, M.R. had previously purchased HMC securities from
6 the Defendant. During the interstate telephone call on or about May 9, 2001, M.R.
7 told the Defendant that he was interested in making an additional purchase of HMC
8 securities in the amount of \$2,500. The Defendant sold \$2,500 worth of HMC
9 securities to M.R., but intentionally and willfully failed to disclose to M.R. and omitted
10 the material fact that the DFI had issued the Summary Order to Cease and Desist.
11 Disclosure of the material fact that the DFI had issued the Summary Order to Cease
12 and Desist was necessary to make the statements made by the Defendant, in the light of
13 the circumstances under which they were made, not misleading.

14 f. Based on the Defendant's conversation with M.R. described above,
15 on or about May 9, 2001, M.R. sent check number 1954 in the amount of \$2,500,
16 drawn on his account at Snyder National Bank, from Snyder, Texas, to the Defendant
17 in Kirkland, Washington. On or about May 21, 2001, the Defendant deposited the
18 check he received from M.R. to bank account number 065-6228756 at Wells Fargo
19 Bank, which was an account in the Defendant's name and under his signature authority.

20 11. Dismissal of Counts and Non-Prosecution Agreement. In exchange for
21 the Defendant's pleas of guilty, and conditioned upon Defendant's fulfillment of all
22 conditions of this Plea Agreement, the United States Attorney's Office for the Western
23 District of Washington will, at the time of sentencing, move to dismiss all counts of the
24 Second Superseding Indictment against Defendant ALFONSO D. LACSON, JR.
25 Defendant agrees and acknowledges that any charges to be dismissed before or at the time
26 of sentencing were substantially justified in light of the evidence available to the United
27 States, were not vexatious, frivolous or taken in bad faith, and do not provide Defendant
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1 with a basis for any future claims under the "Hydc Amendment," Pub.L. No. 105-
2 119(1997).

3 Also in exchange for the Defendant's plea of guilty, and conditioned upon
4 Defendant's fulfillment of all conditions of this Plea Agreement, the United States
5 Attorney's Office for the Western District of Washington agrees not to prosecute
6 Defendant for any other offenses, other than crimes of violence, that Defendant may
7 have committed in the Western District of Washington prior to the date of this
8 Agreement about which the United States presently possesses information. In this
9 regard, Defendant recognizes that the United States has agreed not to prosecute all of
10 the criminal charges that the evidence establishes were committed by Defendant solely
11 because of the promises made by Defendant in this Agreement. Defendant
12 acknowledges and agrees, however, that for purposes of preparing the Presentence
13 Report, the United States Attorney's Office will provide the United States Probation
14 Office with evidence of all relevant conduct committed by Defendant.

15 12. Non-Prosecution of Other Individuals. In exchange for the Defendant's
16 pleas of guilty, and conditioned upon Defendant's fulfillment of all conditions of this
17 Plea Agreement, the United States Attorney's Office for the Western District of
18 Washington agrees that it will not criminally prosecute the Defendant's mother,
19 Soledad Lacson, and the Defendant's brother, Anthony (Tony) Lacson, for any
20 criminal offenses: (1) that are based upon evidence in its possession at this time, (2)
21 that arise out of the investigation concerning the activities of persons associated with
22 Znetix, HMC, and affiliated companies, and (3) for which there is venue in the
23 Western District of Washington. This agreement does not apply to any crimes of
24 violence.

25 13. Voluntariness of Plea. Defendant acknowledges that he has entered into
26 this Plea Agreement freely and voluntarily, and that no threats or promises, other than
27 the promises contained in this Plea Agreement, were made to induce Defendant to enter
28 these pleas of guilty.

1 14. Statute of Limitations. In the event that this Agreement is not accepted by
2 the Court for any reason, or Defendant has breached any of the terms of this Plea
3 Agreement, the statute of limitations shall be deemed to have been tolled from the date
4 of the Plea Agreement to: (1) thirty days following the date of non-acceptance of the
5 Plea Agreement by the Court; or (2) thirty days following the date on which a breach
6 of the Plea Agreement by Defendant is discovered by the United States Attorney's
7 Office.

8 15. Post-Plea Conduct. Defendant understands that the terms of this Plea
9 Agreement apply only to conduct that occurred prior to the execution of this
10 Agreement. If, after the date of this Agreement, Defendant should engage in conduct
11 that would warrant an increase in Defendant's adjusted offense level or justify an
12 upward departure under the Sentencing Guidelines (examples of which include, but are
13 not limited to: obstruction of justice, failure to appear for a court proceeding, criminal
14 conduct while pending sentencing, and false statements to law enforcement agents, the
15 probation officer or Court), the United States is free under this Agreement to seek a
16 sentencing enhancement or upward departure based on that conduct.

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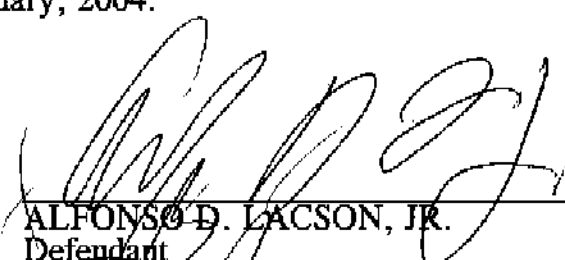
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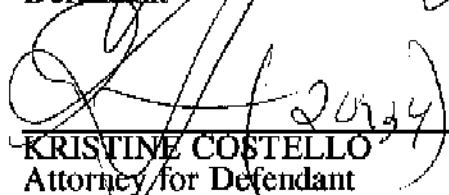
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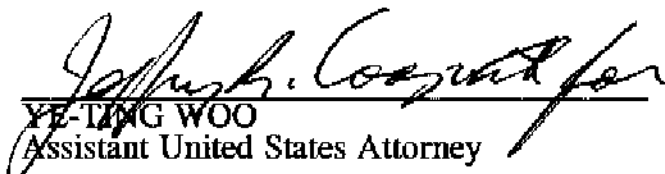
1 16. Completeness of Agreement. The United States and Defendant
2 acknowledge that these terms constitute the entire Plea Agreement between the parties.
3 This Agreement only binds the United States Attorney's Office for the Western District
4 of Washington. It does not bind any other United States Attorney's Office or any other
5 office or agency of the United States, or any state or local prosecutor.


6 DATED this 9th day of January, 2004.

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11 ALFONSO D. LACSON, JR.
12 Defendant

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14 KRISTINE COSTELLO
15 Attorney for Defendant

16 
17 FLOYD G. SHORT
18 Assistant United States Attorney

19 
20 YE-TING WOO
21 Assistant United States Attorney

22 
23 TODD BRILLIANT
24 Special Assistant United States Attorney

25 
26 RICHARD E. COHEN
27 Assistant United States Attorney

28 
29 JEFFREY B. COOPERSMITH
30 Assistant United States Attorney